

Message Text

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ORIGIN ARA-10

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DRAFTED BY ARA:NC:TWSONANDRES

APPROVED BY ARA - MR. LUERS

NC - MR. JOHNSON

S/PRS - MR. FUNSETH

EB/FSE - MR. HART (INFO)

EB/OIA: MR. BRODERICK (INFO)

L/ARA - MR. SCHWEBEL (INFO)

ARA/PAF - MR. NIEBURG

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SUBJECT: PRESS GUIDANCE ON VENEZUELAN OIL NATIONALIZATION

1. FOLLOWING GUIDANCE PREPARED FOR THE DEPARTMENT SPOKESMAN AT THE NOON PRESS BRIEFING TODAY (AUGUST 22), ALTHOUGH NO QUESTIONS WERE ASKED: QUOTE:

Q: WHAT IS THE USG REACTION TO THE OIL NATIONALIZATION LAW PASSED BY THE VENEZUELAN CONGRESS ON AUGUST 21?

A. IT COMES AS NO SURPRISE. THE PEREZ ADMINISTRATION IS COMMITTED TO NATIONALIZING THE OIL INDUSTRY THIS YEAR.

(FYI: AS IS WELL KNOWN, OUR POSITION IN THE CASE OF EXPRO-
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PRIATION OF FOREIGN PROPERTY IS THAT INTERNATIONAL LAW

REQUIRES THAT IT BE NEITHER ARBITRARY NOR DISCRIMINATORY,
FOR A PUBLIC PURPOSE, AND ACCOMPANIED BY PROMPT, ADEQUATE
AND EFFECTIVE COMPENSATION.)

WE ARE GIVING CAREFUL STUDY TO THE TERMS OF THE LAW.

Q: WHAT WILL HAPPEN TO THE FOREIGN OIL COMPANIES IN
VENEZUELA?

A: THE PARTICULARS OF THE IMPLEMENTATION OF THE NATIONAL-
IZATION LAW REMAIN UNDETERMINED. IT IS UNDERSTOOD THAT
DISCUSSIONS BETWEEN THE GOV AND THE COMPANIES ABOUT THE
IMPLEMENTATION ARE IN PROGRESS.

(NOTE: THERE ARE MORE THAN TWENTY FOREIGN COMPANIES IN
VENEZUELA, ALMOST ALL OF WHICH ARE US -- EXXON, GULF,
SUN, MOBIL, AND TEXACO HAVE THE LARGEST INTERESTS.)

Q: IS THE USG PARTICIPATING IN THESE NEGOTIATIONS?

A: THE NEGOTIATIONS ARE TAKING PLACE BETWEEN THE GOV
AND THE COMPANIES. WE ARE FOLLOWING MATTERS CLOSELY. ROBINSON

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